

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

DOCKET NO. 98-368

JULY 24, 1998

GARDINER WATER DISTRICT  
Proposed Increase in Rates

ORDER APPROVING  
STIPULATION

WELCH, Chairman; NUGENT, Commissioner

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SUMMARY OF ORDER

By this Order, we approve a Stipulation entered into by the Gardiner Water District (the District), the Office of the Public Advocate, and Michael Webster, Lead Petitioner. The Stipulation allows the District a 12% rate increase effective September 1, 1998, and a subsequent 23% increase effective May 1, 1999. The District is also required to form an Advisory Committee comprising of representatives from each of the municipalities within the District's service territory.

BACKGROUND

On June 22, 1998, the Gardiner Water District filed with the Commission certain rate schedules, and other required documents pursuant to 35-A M.R.S.A. § 6104, calling for a two-step rate increase totalling approximately 42.8% for all rate classes. The District proposed one step effective on September 1, 1998, and the other on May 1, 1999. Prior to the filing, the District filed a notice with the Commission on May 12, 1998, provided newspaper notice on May 26, 1998, and held a public hearing in Gardiner on June 12, 1998. The purpose of the rate increase is, in part, to permit the District to finance certain water treatment facility upgrades required by the Safe Drinking Water Act (SDWA). The District is currently negotiating with the DWP regarding entry into a Bilateral Compliance Agreement mandating completion of required improvements by May 1, 1999 (enforcement letter from the Drinking Water Program (DWP) of Maine's Department of Human Services, dated July 15, 1998, attached to the Stipulation as Exhibit 1).

On June 29, 1998, Michael Webster of Gardiner (the Lead Petitioner) filed with the Commission a petition containing the signatures of many customers of the District (the Petition). Although a copy of the Petition was not filed with the District's treasurer, the District was able to verify that the Petition contained the signatures of more than 15% of the customers of the District. However, some of the 15% were conditionally invalid due to lack of a printed name or address.

Subsequently, the signatories of this Stipulation (the Parties) engaged in a series of discussions and informal technical conferences related to the rate increase. The Parties reached an agreement in which the District agreed to reduce its proposed rate increase. The terms of the agreement are contained in a Stipulation, filed with the Commission on July 20, 1998. According to the Parties, the intent of the agreement is to limit any rate increase to projects mandated by the federal SDWA. A copy of correspondence from the District to the Lead Petitioner outlining the issues involved, and the basis for the accord, is attached to the Stipulation as Exhibit 2.

The Parties have worked quickly to resolve their differences in order to allow the District to participate in the September 1, 1998 bond issue of the Maine Municipal Bond Bank (MMBB). The bond issue is of importance to the District because it allows the District to borrow approximately \$2.2 million through the State Revolving Fund at below prime rate, which helps to reduce the overall cost of compliance with the SDWA. Significantly, according to the MMBB, the District needs a final order from the Commission by July 24, 1998, authorizing the District to recover sufficient revenues to pay for the bond issue. The rates attached to this Stipulation allow the District to recover sufficient revenues to finance the bond issue.

#### STANDARD OF REVIEW

In at least two prior cases, we have articulated the criteria for approving stipulations, summarized here as follows:

1. whether the parties joining the stipulation represent a sufficiently broad spectrum of interests that the Commission can be sure that there is no appearance or reality of disenfranchisement;
2. whether the process that led to the stipulation was fair to all parties; and

3. whether the stipulation result is reasonable and is not contrary to legislative mandate. See Central Maine Power Company, Proposed increase in Rates, Docket No. 92-345 (II), Detailed Opinion and Subsidiary Findings (Me.P.U.C. Jan. 10, 1995), and Maine Public Service Company, Proposed Increase in Rates (Rate Design), Docket No. 95-052, Order (Me.P.U.C. June 26, 1996).

We have also recognized that we must ensure that the overall stipulated result is in the public interest. See Northern Utilities, Inc., Proposed Environmental Response Cost Recovery, Docket No. 96-678, Order Approving Stipulation (Me.P.U.C. April 28, 1997). We are satisfied that the proposed stipulation in this case meets all these criteria.

#### CONCLUSION

We have reviewed the Stipulation and find that it meets the standards expressed above. It provides a reasonable resolution to the issues in this case while allowing the District to make improvements necessary under the Safe Drinking Water Act. We will approve the Stipulation but note that the Stipulation becomes void, under provision 6, if the District fails to obtain sufficient financing through the State Revolving Loan Fund September 1, 1998 bond issue and if alternative financing arrangements increase financing costs by more than 10% as compared to the SRF bond issue.

Accordingly, we

#### O R D E R

1. That the Stipulation, attached hereto, is approved.

2. That the Gardiner Water District Schedule of Rates, consisting of Pages 1 through 3 - all First Revision (Second Draft), filed on July 20, 1998, shall become effective for service rendered on and after September 1, 1998.

3. That the Gardiner Water District Schedule of Rates, consisting of Pages 1 through 3 - all Second Revision (Second Draft), filed on July 20, 1998, shall become effective for service rendered on and after May 1, 1999.

Dated at Augusta, Maine this 24th day of July 1998.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR: Welch  
Nugent